

November 27, 2013 Commissioner Questions.

I am going to do something a little different this week. I am going to answer this recent question with a repeat of some past questions that were printed in the NGN with the dates of printing shown above each section.

Q. I understood that the U.C. Community Center was going to be paid off with the current SPLOST III funds, not the new SPLOST IV. Did I remember this correctly?

A. No. That is not accurate. I have always indicated that the new Community Center was being funded with the future SPLOST IV funds and I previously had questions in the NGN to that effect.

Q. I do not remember seeing those questions in the newspaper on repayment of the Community Center with future SPLOST IV funds. Are you sure you mentioned that previously in your column?

Yes. To answer these questions, I am reprinting parts of the past Q & A questions.

From August 31, 2011 NGN Q & A

Q. Will the county still have any debt after the current SPLOST ends in 2014?

A. Yes, but it will only be around \$5.5 million on the new community center. Every other SPLOST project will be paid in full unless something terrible happens with the economy such as a huge double dip recession or depression.

Q. How will the county pay off the community center debt if not with the current SPLOST dollars?

A. The interest on the money will be paid by the current SPLOST, but the principal will be carried over until the next SPLOST in 2014.*

** I actually did inadvertently use the wrong date of the future SPLOST as it actually begins April, 2015 instead of 2014.*

From Sept. 14, 2011, NGN Q & A

Q. Are you still going to pay for the Community Center with SPLOST funds?

A. Yes. However, in order to arrange financing to accommodate our SPLOST cash flows, we had to make some tough decisions. First, we had a tremendous amount already invested in plans and infrastructure based on the USDA requirements, so we chose to run the new financing through an Urban Redevelopment Agency. This required appointment of an Urban Redevelopment Board and of selling bonds to pay for the project. The financing is set up for interest only for the remainder of this SPLOST program and then the bond will be repaid with revenue from our next SPLOST. With the USDA loan, it would have required payments over thirty years at a higher interest rate, so in the end, we came out much better.

From May 9, 2012, NGN Q & A

Q. Are there any other debts associated with SPLOST?

A. There is only one and that is the Union County Community Center. (\$5.5 million) This facility was originally scheduled to be paid for with a USDA 20 year low interest loan from

stimulus funds. However, once the County began the design process, we saw that the red tape and additional cost that would be involved with using a USDA loan and building a project with federal stimulus guidelines, would be cost prohibitive.

Q. Did you change the financing method in order to complete the Community Center?

A. Yes. We made the decision to stop the USDA financing process dead in its tracks because of its complexity and tremendous extra cost. Knowing the value of this project to our economic development future, we chose to fund the cost for the project with future SPLOST IV proceeds. This will save us a tremendous amount in interest payments since we will be able to pay this debt off in only ten years instead of 20 years. In addition to saving us money on interest cost, getting away from the federal guidelines probably saved us several hundreds of thousands of dollars while speeding the project up by at least a year and maybe two.

From May 17, 2012, NGN Q & A

Q. In last week's Q & A you mentioned that the new Union County Community Center would be paid for with funds from our next SPLOST. Should that SPLOST IV be unsuccessful how will the Center be paid for?

A. Any bond indebtedness is always backed up by property taxes. Should a future SPLOST fail, the general county budget would be utilized to pay the debt. In fact, should the current economic conditions continue to improve at their current rate, we should be able to make a significant payment on the bond with the current SPLOST.

It is very rare that a SPLOST ever fails especially when the government has a good reputation of providing the projects that were sold to the public. With even very moderate growth over the next few years, paying the debt will not be a problem with or without SPLOST.

All past Commissioner's Q & A have always been available on the Union County web site, www.unioncountygga.gov. This is the best way that I have to keep the public educated on how our local government is operated. Please submit any questions that you would like answered to: Union County Commissioner, 65 Courthouse St., Blairsville, GA 30512, or unioncounty@uniongov.com, or by calling 706-439-6000.